

Maxus Energy Corporation
717 North Harwood Street
Dallas, Texas 75201
214 953-2769

Paul W. Herring
Senior Counsel

Lance/Kim

MAXUS

April 26, 1994

FEDERAL EXPRESS

Chief, New Jersey Superfund Branch-2
Emergency & Remedial Response Division
U.S. Environmental Protection Agency,
Region II
26 Federal Plaza
New York, New York 10278
Attn: Diamond Alkali Project Manager-
Passaic River Study Area

Diamond Alkali Project Manager-
Passaic River Study Area
New Jersey Department of Environmental
Protection and Energy
401 East State Street, 5th Floor
CN-028
Trenton, New Jersey 08625
Attn: Nicholas Marton

Re: **Administrative Order on Consent, Index No. II-CERCLA-94-0117;
Financial Assurance**

Gentlemen:

Enclosed is a Performance Bond in the amount of \$2,000,000, tendered to comply, for the duration of the above referenced Administrative Order on Consent ("AOC"), with the requirement of paragraph 85 thereof. A Performance Bond is a "financial instrument" as required by paragraph 85. The amount of the Bond actually exceeds the initial requirement, since only a \$600,000 financial assurance (based upon estimated cost of the first two calendar quarters of work) would be necessary. However, it is Maxus' belief that it will be a much simplified administrative matter simply to carry a bond of set amount for the duration of the AOC.

The \$2,000,000 amount was selected since it is expected that it will, for all but perhaps two (2) calendar quarters of the project period, exceed the AOC requirements;

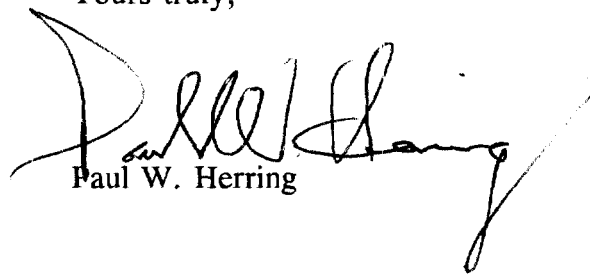
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but the administrative inconvenience and expense of revising and reissuing a bond every quarter makes this one-time approach appealing. Also, while the Bond has a three-year stated term, Maxus will renew or extend such if it becomes apparent that the work will extend beyond that three-year term.

We trust that you will agree that this "one-time issue" approach will be satisfactory under the AOC; but please advise if you feel that any formal modification of the AOC is required at such time as the two-quarter projection might exceed this amount. Otherwise Maxus proposes simply to maintain the Bond as issued in the amount of \$2,000,000 for the duration of its conduct of "the Work and other activities required under" the AOC.

Yours truly,



Paul W. Herring

PWH/pb
Enclosure

cc w/enc.:

Chief, New Jersey Superfund Branch (Federal Express)
Office of Regional Counsel
U.S. Environmental Protection Agency
26 Federal Plaza
New York, New York 10278
Attn: Diamond Alkali Site Attorney-
Passaic River Study Area

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IMPORTANT NOTICE

**TO OBTAIN INFORMATION OR MAKE A COMPLAINT:
YOU MAY CONTACT THE TEXAS DEPARTMENT OF
INSURANCE TO OBTAIN INFORMATION ON COMPANIES,
COVERAGES, RIGHTS OR COMPLAINTS AT:**

1-800-252-3439

YOU MAY WRITE THE TEXAS DEPARTMENT OF INSURANCE:

**P. O. Box 149104
AUSTIN, TX 78714-9104
FAX #(512) 475-1771**

PREMIUM OR CLAIM DISPUTES:

**SHOULD YOU HAVE A DISPUTE CONCERNING YOUR
PREMIUM OR ABOUT A CLAIM YOU SHOULD CONTACT THE
AGENT OR COMPANY FIRST. IF THE DISPUTE IS NOT
RESOLVED, YOU MAY CONTACT THE TEXAS DEPARTMENT
OF INSURANCE.**

ATTACH THIS NOTICE TO YOUR POLICY:

**THIS NOTICE IS FOR INFORMATION ONLY AND DOES NOT
BECOME A PART OR CONDITION OF THE ATTACHED
DOCUMENT.**

PERFORMANCE BOND

RE: ADMINISTRATIVE ORDER ON CONSENT executed effective APRIL 20, 1994 (the "ACO"), by the United States Environmental Protection Agency Region II and Occidental Chemical Corporation ("OCC", successor to Diamond Shamrock Chemicals Company), for the investigation of the contaminated sediments located within the Passaic River Study Area as more specifically identified in and pursuant to said ACO. Maxus Energy Corporation ("Maxus"), by contract with OCC, will be performing and/or contracting to perform the work required by the ACO on behalf of OCC.

Date bond executed: APRIL 20, 1994

Effective date of bond: APRIL 20, 1994

Expiration date of bond: APRIL 20, 1997

Principal: Maxus Energy Corporation (performing on behalf of Occidental Chemical Corporation, successor to Diamond Shamrock Chemicals Company)
717 North Harwood Street
Dallas, Texas 75201

Type of Organization: Corporation

State of Incorporation: Delaware

Surety(ies): National Union Fire Insurance
Company of Pittsburgh, PA

1999 Bryan Street, Suite 1700

Dallas, Texas 75201

Total sum of bond: \$ 2,000,000.00

Surety Bond Number: 13-10-46

United States Environmental Protection Agency Region II Contact:

Chief, New Jersey Superfund Branch - 2
Emergency & Remedial Response Division
U.S. Environmental Protection Agency, Region II
26 Federal Plaza
New York, NY 10278
Attn: Diamond Alkali Project Manager - Passaic
River Study Area

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KNOW ALL PERSONS BY THESE PRESENTS, THAT WE, the Principal and Surety(ies) hereto, are firmly bound to the United States Environmental Protection Agency Region II ("USEPA") in the above sum for the payment of which we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally; provided that, where the Surety(ies) are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" only for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sum only as is set forth above.

WHEREAS, Occidental Chemical Corporation ("OCC") has entered into an Administrative Order on Consent ("ACO") with USEPA dated effective 04/20/94, under which OCC has agreed, among other things, to undertake certain actions in order to investigate contaminated sediments within the "Passaic River Study Area" as described in, and all obligations set forth by, the ACO.

WHEREAS, OCC is required to provide financial assurance during the course of the work for implementation of the obligations set forth by the ACO for any two consecutive calendar quarters then running under the ACO.

WHEREAS, Maxus Energy Corporation, having agreed by private contract to perform the obligations of the ACO on OCC's behalf, is therefore the Principal for purposes of this surety bond.

NOW, THEREFORE, the conditions of this obligation are such that if the Principal shall faithfully perform its obligations under the Administrative Consent Order, whenever required to do so, regarding the work for which this surety bond guarantees performance, then this obligation shall be null and void, otherwise it is to remain in full force and effect until Expiration of the Bond or completion of the Work, whichever shall first occur.

The Surety(ies) shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above. Upon notification by the USEPA that the Principal has failed to perform as guaranteed by this Bond, the Surety(ies) shall either perform the obligations set forth in the ACO for the calendar quarter in which said notice is received, and the next succeeding calendar quarter, or place sufficient funds up to the sum of this bond in a trust fund for payment as directed by the USEPA for completion of the obligations during such period as set forth in the ACO.

The liability of the Surety(ies) shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the sum of the bond, but in no event shall the obligation of the Surety(ies) hereunder exceed the amount of said sum. Any funds remaining in the trust, if any, at the completion and payment of the work under the ACO shall be returned to the Surety(ies).

The Surety(ies) may cancel the bond prior to the Expiration date by sending notice of cancellation by certified mail to the Principal and to the USEPA contact referenced above; provided, however, the cancellation shall not occur during the 120 days beginning on the date of receipt of the notice of cancellation by both the Principal and the USEPA, as evidenced by the return receipts, nor shall cancellation occur while proceedings to enforce the terms of the ACO are pending or actions to redress any violation of the ACO are underway.

The Principal may terminate the bond by sending written notice to the Surety(ies); provided, however, that no such notice shall become effective until the Surety(ies) receive(s) written authorization for early termination of the bond by the USEPA.

IN WITNESS WHEREOF, the Principal and Surety(ies) have executed this Performance Bond and have affixed their seals on the date set forth below.

The persons whose signatures appear below hereby certify that they are authorized to execute this surety bond on behalf of the Principal and Surety(ies).

Principal: Maxus Energy Corporation [(performing, on behalf of Occidental Chemical Corporation (successor to Diamond Shamrock Chemicals Company))]

By: George W. Pasley

Date: April 22, 1994

Name: George W. Pasley

Title: Senior V.P., Finance & Administration & Chief Financial Officer

[Corporate Seal]

Surety(ies): National Union Fire Insurance
Company of Pittsburgh, PA

1999 Bryan Street, Suite 1700, Dallas, Texas 75201

State of Incorporation: Pennsylvania

Signature: [Signature]

Date: APRIL 20, 1994

Name and Title: KIM FATE, ATTORNEY-IN-FACT

[Corporate Seal]

[For every surety, provide signature(s), corporate seal, and other information in the same manner as for Surety above.]

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American Home Assurance Company
National Union Fire Insurance Company of Pittsburgh, Pa.
Principal Bond Office: 70 Pine Street, New York, N.Y. 10270

POWER OF ATTORNEY

No. 09-B-10675

KNOW ALL MEN BY THESE PRESENTS:

That American Home Assurance Company, a New York corporation, and National Union Fire Insurance Company of Pittsburgh, Pa., a Pennsylvania corporation, does each hereby appoint

---John D. Fulkerson, Lawrence W. Waldie, Henry W. Burch, III, Kae Gibbons, Debbie Smith, Theresa Misner, Kim Fate, Pat Van Hook, Grace Merrifield: of Dallas, Texas---

its true and lawful Attorney(s)-in-Fact, with full authority to execute on its behalf bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, issued in the course of its business, and to bind the respective company thereby.

IN WITNESS WHEREOF, American Home Assurance Company and National Union Fire Insurance Company of Pittsburgh, Pa. have each executed these presents



this 20 day of May, 1991.

Mark E. Reagan
Mark E. Reagan, Senior Vice President

STATE OF NEW YORK }
COUNTY OF NEW YORK}ss.

On this 20 day of May, 1991,
before me came the above named officer of American Home Assurance Company and National Union Fire Insurance Company of Pittsburgh, Pa., to me personally known to be the individual and officer described herein, and acknowledged that he executed the foregoing instrument and affixed the seals of said corporations thereto by authority of his office.

Joseph B. Nozario
JOSEPH B. NOZARIO
Notary Public, State of New York
No. 08-NO-4652754
Qualified in Westchester County
Term Expires Jan. 31, 1992

CERTIFICATE

Excerpts of Resolutions adopted by the Boards of Directors of American Home Assurance Company and National Union Fire Insurance Company of Pittsburgh, Pa. on May 18, 1976:

"RESOLVED, that the Chairman of the Board, the President, or any Vice President be, and hereby is, authorized to appoint Attorneys-in-Fact to represent and act for and on behalf of the Company to execute bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, and to attach thereto the corporate seal of the Company, in the transaction of its surety business;

"RESOLVED, that the signatures and attestations of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company when so affixed with respect to any bond, undertaking, recognizance or other contract of indemnity or writing obligatory in the nature thereof;

"RESOLVED, that any such Attorney-in-Fact delivering a secretarial certification that the foregoing resolutions still be in effect may insert in such certification the date thereof, said date to be not later than the date of delivery thereof by such Attorney-in-Fact."

I, Elizabeth M. Tuck, Secretary of American Home Assurance Company and of National Union Fire Insurance Company of Pittsburgh, Pa. do hereby certify that the foregoing excerpts of Resolutions adopted by the Boards of Directors of these corporations, and the Powers of Attorney issued pursuant thereto, are true and correct, and that both the Resolutions and the Powers of Attorney are in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of each corporation



this 20TH day of APRIL, 19 94

Elizabeth M. Tuck
Elizabeth M. Tuck, Secretary

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AND
INSURANCE

MARSH &
McLENNAN

MARSH & McLENNAN, INCORPORATED
3300 TEXAS COMMERCE TOWER
2200 ROSS AVENUE
DALLAS, TEXAS 75201-7988
TELEPHONE 214/979-9900
FAX 214/953-1374

MARSH &
McLENNAN

MARSH & McLENNAN, INCORPORATED
3300 TEXAS COMMERCE TOWER
2200 ROSS AVENUE
DALLAS, TEXAS 75201-7988
TELEPHONE 214/979-9900
FAX 214/953-1374

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